



# ***Congresswoman Nita Lowey***

## Protecting Consumers From Abusive Credit Card Practices

As a proud cosponsor of the Credit Cardholders' Bill of Rights, I am pleased that many new consumer protections were implemented on February 22, 2010 to prevent unfair, deceptive and anti-competitive practices by credit card companies. You may notice the following changes to your credit card statements and account contracts.

### **Credit card statements must now:**

- Be received at least 21 days prior to the due date;
- Display the amount of time necessary to repay the balance by making minimum payments; and
- Include a schedule of payments necessary to be debt-free on that account within three years.

### **Congress stopped unfair consumer penalties by credit card companies:**

- No more over-limit fees unless the consumer opts-in to allow over-limit transactions; and
- No more "universal default" penalties based on defaults with separate lenders;
- No early morning deadlines;
- No more fees for payments received over the phone or online;
- No more interest charges on debt paid on time (double-cycle billing);
- No more surprise interest rate hikes due to a 60-day grace period for late payments before interest is charged and 45-day written notice for interest rate increases.

### **Additional benefits from credit card reform:**

- Any payment over the minimum must be applied to the balance with the highest interest rate;
- Promotional rates and terms must last at least 6 months;
- Credit card companies cannot change an interest rate in the first year of the account;
- Credit card companies can no longer entice young consumers into contracts without receiving a signature from a parent, guardian, or other co-signer of the account and proof of an independent means to repay the contract;
- All gift cards must now hold their value for at least 5 years; and
- No more unreasonable decreases on gift card values or hidden fees.

For more about your credit card rights and additional resources, please visit <http://www.federalreserve.gov/creditcard/>.